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July 14, 2008

The Honorable Barney Frank  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

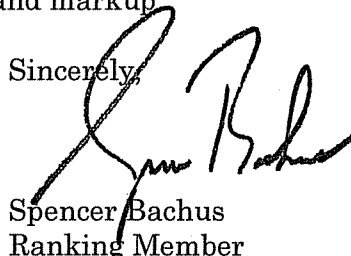
It is unquestionably true that the financial stability of Fannie Mae and Freddie Mac is critically important to the housing market and in turn to the overall economy. It is also quite apparent that as a result of a weak economy, short seller activities and a declining housing market, Fannie and Freddie are facing substantial financial challenges. Having said that, the sweeping changes contemplated in the proposal made by the Treasury Department over the weekend represent a far-reaching overhaul of the financial regulatory structure of our housing market. Making such broad changes in a precipitous manner without adequate study and analysis is unprecedented and, perhaps, unnecessary.

The problem immediately at hand seems to have been addressed yesterday by the decision of the Federal Reserve to open the discount window to Fannie and Freddie. It also appears this intervention by the Federal Reserve will be sufficient to provide adequate liquidity for these enterprises to meet any obligations for the near future.

With this Federal Reserve liquidity facility in place, a more long-term structure can be given the careful analysis that is necessary to avoid the all too common problem of unintended consequences when the regular legislative order is bypassed. Please consider a process which will allow all sides of this issue to be given the careful consideration they so clearly deserve.

I do believe there is need for expedited legislation and that action is a basic GSE reform bill. This legislation could be drafted and taken to the floor with minimal preparation since its provisions were carefully vetted in hearings and markup.

Sincerely,



Spencer Bachus  
Ranking Member